

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 3513 - SB 3360

February 22, 2010

SUMMARY OF BILL: Changes the allocation for business tax revenue, interest, and penalties, when the collection of such funds is the direct result of the Department of Revenue (DOR) auditing a taxpayer's books and records. Under current law, 100 percent of such funds are allocated to the state's General Fund. This bill will allocate five percent of such funds to county clerk offices. After the five percent allocation to county clerks, 57 percent of the remainder will be allocated to counties and municipalities. The remaining 43 percent share will be allocated to the state's General Fund.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$6,506,500

Increase Local Revenue - \$6,506,500

Assumptions:

- According to DOR, the Department assessed over \$11,000,000 in business tax during FY08-09 prior to assuming the administration of the tax from local governments.
- DOR assesses \$11,000,000 in FY10-11 and subsequent years.
- The five percent allocation to county clerks is estimated to be \$550,000; leaving approximately \$10,450,000 in remaining business tax collections.
- The 57 percent share to counties and municipalities is estimated to be \$5,956,500 ($\$10,450,000 \times 57.0\% = \$5,956,500$).
- The decrease to the state General Fund is estimated to be \$6,506,500 per year ($\$550,000 + \$5,956,500 = \$6,506,500$); the increase to local government revenue is estimated to be \$6,506,500 per year.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White".

James W. White, Executive Director

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